

2/3 CONSTITUTIONAL AMENDMENT

COMPLETE TEXT

AN ACT Relating to taxes and fees imposed by state government; amending 43.135.031 and 43.135.041; adding a new section to chapter 43.135 RCW; repealing chapter 82.04 RCW; creating new sections; and providing a contingent expiration date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** Over the past twenty years, the taxpayers have been required to pay increasing taxes and fees to the state, hampering economic growth and limiting opportunities for the citizens of Washington.

The people declare and establish that the state needs to exercise fiscal restraint by either reducing tax burdens or limiting tax increases to only those considered necessary by more than a bare majority of legislators.

Since 1993, the voters have repeatedly passed initiatives requiring two-thirds legislative approval or voter approval to raise taxes and majority legislative approval for fee increases. However, the people have not been allowed to vote on a constitutional amendment requiring these protections even though the people have approved them on numerous occasions.

This measure provides for a reduction in the burden of state taxes by repealing the business and occupation tax, enabling the citizens to keep more of their own money to pay for increases in other state taxes and fees due to the lack of a constitutional amendment protecting them, unless the legislature refers to the ballot for a vote a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes and majority legislative approval for fee increases. The people want to ensure that tax and fee increases are consistently a last resort.

REPEALING THE BUSINESS AND OCCUPATION TAX UNLESS...

NEW SECTION. **Sec. 2.** The following acts or parts of acts, as now existing or hereafter amended, are each repealed:

(1) RCW 82.04.010 (Introductory) and 1996 c 93 s 4 & 1961 c 15 s 82.04.010;

(2) RCW 82.04.020 ("Tax year," "taxable year.") and 1975 1st ex.s. c 278 s 39 & 1961 c 15 s 82.04.020;

(3) RCW 82.04.030 ("Person," "company.") and 1995 c 318 s 1, 1963 ex.s. c 28 s 1, & 1961 c 15 s 82.04.030;

(4) RCW 82.04.035 ("Plantation Christmas trees.") and 1987 c 23 s 1;

(5) RCW 82.04.040 ("Sale," "casual or isolated sale," "lease or rental.") and 2004 c 153 s 402, 2003 c 168 s 103, & 1961 c 15 s 82.04.040;

(6) RCW 82.04.050 ("Sale at retail," "retail sale.") and 2013 2nd sp.s. c 13 s 802 & 2011 c 174 s 202;

(7) RCW 82.04.051 ("Services rendered in respect to"—Taxation of hybrid or subsequent agreements) and 1999 c 212 s 2;

(8) RCW 82.04.060 ("Sale at wholesale," "wholesale sale.") and 2010 c 106 s 203, 2009 c 535 s 403, 2007 c 6 s 1007, 2005 c 514 s 102, 2002 c 367 s 1, 1998 c 332 s 5, 1996 c 148 s 3, 1983 2nd ex.s. c 3 s 26, & 1961 c 15 s 82.04.060;

(9) RCW 82.04.062 ("Sale at wholesale," "sale at retail" excludes sale of precious metal bullion and monetized bullion—Computation of tax) and 1985 c 471 s 5;

(10) RCW 82.04.065 (Telephone, telecommunications, and ancillary services—Definitions) and 2009 c 535 s 413, 2007 c 6 s 1003, 2007 c 6 s 1002, 2002 c 67 s 2, 1997 c 304 s 5, & 1983 2nd ex.s. c 3 s 24;

(11) RCW 82.04.066 ("Engaging within this state," "engaging within the state.") and 2010 1st sp.s. c 23 s 103;

(12) RCW 82.04.067 (Substantial nexus—Engaging in business) and 2010 1st sp.s. c 23 s 104;

(13) RCW 82.04.070 ("Gross proceeds of sales.") and 2009 c 535 s 404 & 1961 c 15 s 82.04.070;

(14) RCW 82.04.080 ("Gross income of the business.") and 2010 1st sp.s. c 23 s 109 & 1961 c 15 s 82.04.080;

(15) RCW 82.04.090 ("Value proceeding or accruing.") and 2001 c 20 s 1, 1975 1st ex.s. c 278 s 40, & 1961 c 15 s 82.04.090;

(16) RCW 82.04.100 ("Extractor.") and 2014 c 140 s 1, 2001 c 118 s 1, 1987 c 23 s 3, 1985 c 148 s 2, 1965 ex.s. c 173 s 2, & 1961 c 15 s 82.04.100;

(17) RCW 82.04.110 ("Manufacturer.") and 2009 c 535 s 405, 1997 c 453 s 1, 1971 ex.s. c 186 s 1, & 1961 c 15 s 82.04.110;

(18) RCW 82.04.120 ("To manufacture." *Effective until July 1, 2015.*) and 2011 c 23 s 3, 2009 c 535 s 406, 2003 c 168 s 604, 1999 sp.s. c 9 s 1, 1999 c 211 s 2, 1998 c 168 s 1, 1997 c 384 s 1, & 1989 c 302 s 201;

(19) RCW 82.04.120 ("To manufacture." *Effective July 1, 2015.*) and 2014 c 216 s 303, 2011 c 23 s 3, 2009 c 535 s 406, 2003 c 168 s 604, 1999 sp.s. c 9 s 1, 1999 c 211 s 2, 1998 c 168 s 1, 1997 c 384 s 1, & 1989 c 302 s 201;

(20) RCW 82.04.130 ("Commercial or industrial use.") and 1967 ex.s. c 149 s 5 & 1961 c 15 s 82.04.130;

(21) RCW 82.04.140 ("Business.") and 1961 c 15 s 82.04.140;

(22) RCW 82.04.150 ("Engaging in business.") and 1961 c 15 s 82.04.150;

(23) RCW 82.04.160 ("Cash discount.") and 1961 c 15 s 82.04.160;

(24) RCW 82.04.170 ("Tuition fee.") and 1993 sp.s. c 18 s 37, 1993 c 181 s 13, 1992 c 206 s 1, 1985 c 135 s 1, & 1961 c 15 s 82.04.170;

(25) RCW 82.04.180 ("Successor.") and 2003 1st sp.s. c 13 s 11, 1985 c 414 s 6, & 1961 c 15 s 82.04.180;

(26) RCW 82.04.190 ("Consumer.") and 2014 c 97 s 302;

(27) RCW 82.04.192 (Digital products definitions) and 2010 c 111 s 203 & 2009 c 535 s 201;

(28) RCW 82.04.200 ("In this state," "within this state.") and 1961 c 15 s 82.04.200;

(29) RCW 82.04.210 ("By-product.") and 1961 c 15 s 82.04.210;

(30) RCW 82.04.212 ("Retail store or outlet.") and 1961 c 15 s 82.04.212;

(31) RCW 82.04.213 ("Agricultural product," "farmer," "marijuana.") and 2014 c 140 s 2;

(32) RCW 82.04.214 ("Newspaper." *Effective until July 1, 2015.*) and 2012 2nd sp.s. c 6 s 601, 2008 c 273 s 1, 1994 c 22 s 1, & 1993 sp.s. c 25 s 304;

(33) RCW 82.04.214 ("Newspaper." *Effective July 1, 2015.*) and 2008 c 273 s 1, 1994 c 22 s 1, & 1993 sp.s. c 25 s 304;

(34) RCW 82.04.215 ("Computer," "computer software," "custom software," "customization of prewritten computer software," "master copies," "prewritten computer software," "retained rights.") and 2003 c 168 s 601 & 1998 c 332 s 3;

(35) RCW 82.04.216 (Exclusion of steam, electricity, or electrical energy from definition of certain terms) and 2003 c 168 s 702;

(36) RCW 82.04.217 ("Direct service industrial customer," "aluminum smelter.") and 2004 c 24 s 2;

(37) RCW 82.04.220 (Business and occupation tax imposed) and 2011 1st sp.s. c 20 s 101, 2010 1st sp.s. c 23 s 102, & 1961 c 15 s 82.04.220;

(38) RCW 82.04.230 (Tax upon extractors) and 2006 c 300 s 5, 1993 sp.s. c 25 s 101, 1971 ex.s. c 281 s 2, 1969 ex.s. c 262 s 33, 1967 ex.s. c 149 s 7, & 1961 c 15 s 82.04.230;

(39) RCW 82.04.240 (Tax on manufacturers. (*Contingent expiration date.*)) and 2004 c 24 s 4, 1998 c 312 s 3, 1993 sp.s. c 25 s 102, 1981 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c 281 s 3, 1969 ex.s. c 262 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173 s 5, & 1961 c 15 s 82.04.240;

(40) RCW 82.04.240 (Tax on manufacturers. (*Contingent effective date; contingent expiration of subsection.*)) and 2010 c 114 s 104, 2003 c 149 s 3, 1998 c 312 s 3, 1993 sp.s. c 25 s 102, 1981 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c 281 s 3, 1969 ex.s. c 262 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173 s 5, & 1961 c 15 s 82.04.240;

(41) RCW 82.04.2403 (Manufacturer tax not applicable to cleaning fish) and 1994 c 167 s 1;

(42) RCW 82.04.2404 (Manufacturers—Processors for hire—Semiconductor materials. (*Expires December 1, 2018.*)) and 2010 c 114 s 105 & 2006 c 84 s 2;

(43) RCW 82.04.250 (Tax on retailers) and 2014 c 97 s 402, (2014 c 97 s 401 expired July 9, 2014), 2013 3rd sp.s. c 2 s 7, 2010 1st sp.s. c 23 s 509, (2010 1st sp.s. c 23 s 508 expired July 1, 2011), (2010 1st sp.s. c 23 s 507 expired July 13, 2010), 2010 1st sp.s. c 11 s 1, (2010 c 114 s 106 expired July 1, 2011), 2008 c 81 s 5, (2007 c 54 s 5 repealed by 2010 1st sp.s. c 11 s 7), 2006 c 177 s 5, 2003 2nd sp.s. c 1 s 2, & (2003 1st sp.s. c 2 s 1 expired July 1, 2006);

(44) RCW 82.04.255 (Tax on real estate brokers) and 2011 c 322 s 2, 1997 c 7 s 1, 1996 c 1 s 1, 1993 sp.s. c 25 s 202, 1985 c 32 s 2, 1983 2nd ex.s. c 3 s 1, 1983 c 9 s 1, & 1970 ex.s. c 65 s 3;

(45) RCW 82.04.257 (Tax on digital products and services) and 2010 c 111 s 301 & 2009 c 535 s 401;

(46) RCW 82.04.258 (Digital products—Apportionable income) and 2009 c 535 s 402;

(47) RCW 82.04.260 (Tax on manufacturers and processors of various foods and by-products—Research and development organizations—Travel agents—Certain international activities—Stevedoring and associated activities—Low-level waste disposers—Insurance producers, surplus line brokers, and title insurance agents—Hospitals—Commercial airplane activities—Timber product activities—Canned salmon processors. (*Effective until July 1, 2015.*)) and 2014 c 140 s 5, 2014 c 140 s 3, 2013 3rd sp.s. c 2 s 5, & 2013 2nd sp.s. c 13 s 202;

(48) RCW 82.04.260 (Tax on manufacturers and processors of various foods and by-products—Research and development organizations—Travel agents—Certain international activities—Stevedoring and associated activities—Low-level waste disposers—Insurance producers, surplus line brokers, and title insurance agents—Hospitals—Commercial airplane activities—Timber product activities—Canned salmon processors. (*Effective July 1, 2015.*)) and 2014 c 140 s 6, 2014 c 140 s 4, 2013 3rd sp.s. c 2 s 6, 2013 2nd sp.s. c 13 s 203, 2012 2nd sp.s. c 6 s 204, 2011 c 2 s 203 (Initiative Measure No. 1107, approved November 2, 2010), 2010 1st sp.s. c 23 s 506, (2010 1st sp.s. c 23 s 505 expired June 10, 2010), & 2010 c 114 s 107;

(49) RCW 82.04.261 (Surcharge on timber and wood product manufacturers, extractors, and wholesalers. (*Expires July 1, 2024.*)) and 2010 1st sp.s. c 23 s 510;

(50) RCW 82.04.263 (Tax on cleaning up radioactive waste and other by-products of weapons production and nuclear research and development) and 2009 c 469 s 202 & 1996 c 112 s 3;

(51) RCW 82.04.270 (Tax on wholesalers) and 2004 c 24 s 5, 2003 2nd sp.s. c 1 s 5, 2001 1st sp.s. c 9 s 3, (2001 1st sp.s. c 9 s 2 expired July 1, 2001), & 1999 c 358 s 2;

(52) RCW 82.04.272 (Tax on warehousing and reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401, & 1998 c 343 s 1;

(53) RCW 82.04.280 (Tax on printers, publishers, highway contractors, extracting or processing for hire, cold storage warehouse or storage warehouse operation, insurance general agents, radio and television broadcasting, government contractors—Cold storage warehouse defined—Storage warehouse defined—Periodical or magazine defined. (*Contingent expiration*

date.)) and 2010 c 106 s 205, 2009 c 461 s 2, 2006 c 300 s 6, 2004 c 24 s 6, 1998 c 343 s 3, 1994 c 112 s 1, 1993 sp.s. c 25 s 303, 1993 sp.s. c 25 s 106, 1986 c 226 s 2, 1983 c 132 s 1, 1975 1st ex.s. c 90 s 3, 1971 ex.s. c 299 s 5, 1971 ex.s. c 281 s 7, & 1970 ex.s. c 8 s 2;

(54) RCW 82.04.280 (Tax on printers, publishers, highway contractors, extracting or processing for hire, cold storage warehouse or storage warehouse operation, insurance general agents, radio and television broadcasting, government contractors—Cold storage warehouse defined—Storage warehouse defined—Periodical or magazine defined. (*Contingent effective date.*)) and 2010 c 106 s 206, 2009 c 461 s 3, 2006 c 300 s 7, 2003 c 149 s 4, 1998 c 343 s 3, 1994 c 112 s 1, 1993 sp.s. c 25 s 303, 1993 sp.s. c 25 s 106, 1986 c 226 s 2, 1983 c 132 s 1, 1975 1st ex.s. c 90 s 3, 1971 ex.s. c 299 s 5, 1971 ex.s. c 281 s 7, & 1970 ex.s. c 8 s 2;

(55) RCW 82.04.285 (Tax on contests of chance) and 2014 c 97 s 303 & 2005 c 369 s 5;

(56) RCW 82.04.286 (Tax on horse races) and 2005 c 369 s 6;

(57) RCW 82.04.290 (Tax on international investment management services or other business or service activities) and 2014 c 97 s 404, (2014 c 97 s 403 expired July 9, 2014), 2013 3rd sp.s. c 2 s 8, 2013 c 23 s 314, 2011 c 174 s 101, 2008 c 81 s 6, 2005 c 369 s 8, 2004 c 174 s 2, 2003 c 343 s 2, 2001 1st sp.s. c 9 s 6, & (2001 1st sp.s. c 9 s 4 expired July 1, 2001);

(58) RCW 82.04.29001 (Creation and distribution of custom software—Customization of prewritten computer software—Taxable services) and 2003 c 168 s 602 & 1998 c 332 s 4;

(59) RCW 82.04.29002 (Additional tax on certain business and service activities) and 2010 1st sp.s. c 23 s 1101;

(60) RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6) and 2012 2nd sp.s. c 6 s 101;

(61) RCW 82.04.2905 (Tax on providing day care) and 1998 c 312 s 7;

(62) RCW 82.04.2906 (Tax on certain chemical dependency services) and 2003 c 343 s 1;

(63) RCW 82.04.2907 (Tax on royalties) and 2010 1st sp.s. c 23 s 107, (2010 1st sp.s. c 23 s 106 expired July 1, 2010), 2010 c 111 s 302, 2009 c 535 s 407, 2001 c 320 s 3, & 1998 c 331 s 1;

(64) RCW 82.04.2908 (Tax on provision of room and domiciliary care to assisted living facility residents) and 2012 c 10 s 70, 2005 c 514 s 302, & 2004 c 174 s 1;

(65) RCW 82.04.2909 (Tax on aluminum smelters. (*Expires January 1, 2017.*)) and 2011 c 174 s 301;

(66) RCW 82.04.293 (International investment management services—Definitions) and 1997 c 7 s 3 & 1995 c 229 s 1;

(67) RCW 82.04.294 (Tax on manufacturers or wholesalers of solar energy systems. (*Expires June 30, 2017.*)) and 2013 2nd sp.s. c 13 s 902, 2011 c 179 s 1, 2010 c 114 s 109, 2009 c 469 s 501, 2007 c 54 s 8, & 2005 c 301 s 2;

(68) RCW 82.04.297 (Internet access—Definitions) and 2010 c 111 s 303, 2009 c 535 s 408, 2000 c 103 s 5, & 1997 c 304 s 4;

(69) RCW 82.04.298 (Tax on qualified grocery distribution cooperatives) and 2011 c 2 s 204 (Initiative Measure No. 1107, approved November 2, 2010), 2010 1st sp.s. c 23 s 511, 2008 c 49 s 1, & 2001 1st sp.s. c 9 s 1;

(70) RCW 82.04.310 (Exemptions—Public utilities—Electrical energy—Natural or manufactured gas. (*Effective until June 30, 2015.*)) and 2010 c 295 s 1, 2007 c 58 s 1, 2000 c 245 s 2, 1989 c 302 s 202, & 1961 c 15 s 82.04.310;

(71) RCW 82.04.310 (Exemptions—Public utilities—Electrical energy—Natural or manufactured gas. (*Effective July 1, 2015.*)) and 2014 c 216 s 302, 2007 c 58 s 1, 2000 c 245 s 2, 1989 c 302 s 202, & 1961 c 15 s 82.04.310;

(72) RCW 82.04.311 (Exemptions—Tobacco settlement authority) and 2002 c 365 s 14;

(73) RCW 82.04.315 (Exemptions—International banking facilities) and 1982 c 95 s 7;

(74) RCW 82.04.317 (Exemptions—Motor vehicle sales by manufacturers at wholesale auctions to dealers) and 1997 c 4 s 1;

(75) RCW 82.04.320 (Exemptions—Insurance business) and 1961 c 15 s 82.04.320;

(76) RCW 82.04.322 (Exemptions—Health maintenance organization, health care service contractor, certified health plan) and 1993 c 492 s 303;

(77) RCW 82.04.323 (Exemption—Washington health benefit exchange. (*Expires July 1, 2023.*)) and 2013 2nd sp.s. c 6 s 8;

(78) RCW 82.04.324 (Exemptions—Qualifying blood, tissue, or blood and tissue banks. (*Effective until July 1, 2016.*)) and 2013 2nd sp.s. c 13 s 1202, 2004 c 82 s 1, & 1995 2nd sp.s. c 9 s 3;

(79) RCW 82.04.324 (Exemptions—Qualifying blood, tissue, or blood and tissue banks. (*Effective July 1, 2016.*)) and 2004 c 82 s 1 & 1995 2nd sp.s. c 9 s 3;

(80) RCW 82.04.326 (Exemptions—Qualified organ procurement organizations) and 2002 c 113 s 1;

(81) RCW 82.04.327 (Exemptions—Adult family homes) and 1987 1st ex.s. c 4 s 1;

(82) RCW 82.04.330 (Exemptions—Sales of agricultural products) and 2014 c 140 s 7, 2001 c 118 s 3, 1993 sp.s. c 25 s 305, 1988 c 253 s 2, & 1987 c 23 s 4;

(83) RCW 82.04.331 (Exemptions—Wholesale sales to farmers of seed for planting, conditioning seed for planting owned by others) and 2014 c 140 s 8 & 1998 c 170 s 2;

(84) RCW 82.04.332 (Exemptions—Buying and selling at wholesale unprocessed milk, wheat, oats, dry peas, dry beans, lentils, triticale, canola, corn, rye, and barley) and 2007 c 131 s 1 & 1998 c 312 s 2;

(85) RCW 82.04.333 (Exemptions—Small harvesters) and 2011 c 101 s 4, 2007 c 48 s 5, & 1990 c 141 s 1;

(86) RCW 82.04.334 (Exemptions—Standing timber) and 2010 1st sp.s. c 23 s 512 & 2007 c 48 s 3;

(87) RCW 82.04.335 (Exemptions—Agricultural fairs) and 1965 ex.s. c 145 s 1;

(88) RCW 82.04.337 (Exemptions—Amounts received by hop growers or dealers for processed hops shipped outside the state) and 1987 c 495 s 1;

(89) RCW 82.04.338 (Exemptions—Hop commodity commission or hop commodity board business) and 1998 c 200 s 1;

(90) RCW 82.04.339 (Exemptions—Day care provided by churches) and 1992 c 81 s 1;

(91) RCW 82.04.3395 (Exemptions—Child care resource and referral services by nonprofit organizations) and 1995 2nd sp.s. c 11 s 3;

(92) RCW 82.04.340 (Exemptions—Boxing, sparring, or wrestling matches) and 2000 c 103 s 6, 1988 c 19 s 4, & 1961 c 15 s 82.04.340;

(93) RCW 82.04.350 (Exemptions—Racing) and 2005 c 369 s 7 & 1961 c 15 s 82.04.350;

(94) RCW 82.04.355 (Exemptions—Ride sharing) and 1999 c 358 s 8 & 1979 c 111 s 17;

(95) RCW 82.04.360 (Exemptions—Employees—Independent contractors—Booth renters) and 2010 1st sp.s. c 23 s 702 & 2010 c 106 s 207-11, part;

(96) RCW 82.04.363 (Exemptions—Camp or conference center—Items sold or furnished by nonprofit organization) and 2009 c 535 s 409 & 1997 c 388 s 1;

(97) RCW 82.04.3651 (Exemptions—Amounts received by nonprofit organizations for fund-raising activities) and 2010 c 106 s 208, 1999 c 358 s 3, & 1998 c 336 s 2;

(98) RCW 82.04.367 (Exemptions—Nonprofit organizations that are guarantee agencies, issue debt, or provide guarantees for student loans) and 1998 c 324 s 1 & 1987 c 433 s 1;

(99) RCW 82.04.368 (Exemptions—Nonprofit organizations—Credit and debt services) and 1993 c 390 s 1;

(100) RCW 82.04.370 (Exemptions—Certain fraternal and beneficiary organizations) and 1961 c 293 s 4 & 1961 c 15 s 82.04.370;

(101) RCW 82.04.380 (Exemptions—Certain corporations furnishing aid and relief) and 1961 c 15 s 82.04.380;

(102) RCW 82.04.385 (Exemptions—Operation of sheltered workshops) and 1988 c 176 s 915, 1988 c 13 s 1, 1972 ex.s. c 134 s 1, & 1970 ex.s. c 81 s 3;

(103) RCW 82.04.390 (Exemptions—Amounts derived from sale of real estate) and 1961 c 15 s 82.04.390;

(104) RCW 82.04.392 (Exemptions—Mortgage brokers' third-party provider services trust accounts) and 1998 c 311 s 3 & 1997 c 106 s 21;

(105) RCW 82.04.395 (Exemptions—Certain materials printed in school district and educational service district printing facilities) and 1979 ex.s. c 196 s 12;

(106) RCW 82.04.397 (Exemptions—Certain materials printed in county, city, or town printing facilities) and 1979 ex.s. c 196 s 14;

(107) RCW 82.04.399 (Exemptions—Sales of academic transcripts) and 1996 c 272 s 1;

(108) RCW 82.04.405 (Exemptions—Credit unions) and 1998 c 311 s 4 & 1970 ex.s. c 101 s 3;

(109) RCW 82.04.408 (Exemptions—Housing finance commission) and 1983 c 161 s 25;

(110) RCW 82.04.410 (Exemptions—Hatching eggs and poultry) and 1967 ex.s. c 149 s 15 & 1961 c 15 s 82.04.410;

(111) RCW 82.04.415 (Exemptions—Sand, gravel and rock taken from county or city pits or quarries, processing and handling costs) and 1965 ex.s. c 173 s 10;

(112) RCW 82.04.416 (Exemptions—Operation of state route No. 16) and 1998 c 179 s 3;

(113) RCW 82.04.418 (Exemptions—Grants by United States government to municipal corporations or political subdivisions) and 1983 1st ex.s. c 66 s 2;

(114) RCW 82.04.419 (Exemptions—County, city, town, school district, or fire district activity) and 1983 1st ex.s. c 66 s 3;

(115) RCW 82.04.4201 (Exemptions—Sales/leasebacks by regional transit authorities) and 2000 2nd sp.s. c 4 s 24;

(116) RCW 82.04.421 (Exemptions—Out-of-state membership sales in discount programs) and 1997 c 408 s 1;

(117) RCW 82.04.422 (Exemptions—Wholesale sales of motor vehicles) and 2004 c 81 s 1 & 2001 c 258 s 1;

(118) RCW 82.04.423 (Exemptions—Sales by certain out-of-state persons to or through direct seller's representatives) and 2010 1st sp.s. c 23 s 402 & 1983 1st ex.s. c 66 s 5;

(119) RCW 82.04.424 (Exemptions—Certain in-state activities. (*Contingent expiration date.*)) and 2003 c 76 s 2;

(120) RCW 82.04.425 (Exemptions—Accommodation sales) and 2013 c 23 s 315, 1980 c 37 s 78, 1965 ex.s. c 173 s 9, & 1961 c 15 s 82.04.425;

(121) RCW 82.04.4251 (Exemptions—Convention and tourism promotion) and 2006 c 310 s 1;

(122) RCW 82.04.426 (Exemptions—Semiconductor microchips. (*Contingent effective date; contingent expiration date.*)) and 2010 c 114 s 110 & 2003 c 149 s 2;

(123) RCW 82.04.4261 (Exemptions—Federal small business innovation research program) and 2004 c 2 s 9;

(124) RCW 82.04.4262 (Exemptions—Federal small business technology transfer program) and 2004 c 2 s 10;

(125) RCW 82.04.4263 (Exemptions—Income received by the life sciences discovery fund authority) and 2005 c 424 s 11;

(126) RCW 82.04.4264 (Exemptions—Nonprofit assisted living facilities—Room and domiciliary care) and 2012 c 10 s 71 & 2005 c 514 s 301;

(127) RCW 82.04.4265 (Exemptions—Comprehensive cancer centers) and 2005 c 514 s 401;

(128) RCW 82.04.4266 (Exemptions—Fruit and vegetable businesses. (*Expires July 1, 2015.*)) and 2014 c 140 s 9, 2012 2nd sp.s. c 6 s 201, 2011

c 2 s 202 (Initiative Measure No. 1107, approved November 2, 2010), 2010 1st sp.s. c 23 s 504, (2010 1st sp.s. c 23 s 503 expired June 10, 2010), 2010 c 114 s 111, 2006 c 354 s 3, & 2005 c 513 s 1;

(129) RCW 82.04.4267 (Exemptions—Operation of parking/business improvement areas) and 2005 c 476 s 1;

(130) RCW 82.04.4268 (Exemptions—Dairy product businesses. (*Expires July 1, 2015.*)) and 2013 2nd sp.s. c 13 s 204, 2012 2nd sp.s. c 6 s 202, 2010 c 114 s 112, & 2006 c 354 s 1;

(131) RCW 82.04.4269 (Exemptions—Seafood product businesses. (*Expires July 1, 2015.*)) and 2012 2nd sp.s. c 6 s 203, 2010 c 114 s 113, & 2006 c 354 s 2;

(132) RCW 82.04.427 (Exemptions and credits—Pollution control facilities);

(133) RCW 82.04.4271 (Deductions—Membership fees and certain service fees by nonprofit youth organization) and 1981 c 74 s 1;

(134) RCW 82.04.4272 (Deductions—Direct mail delivery charges) and 2005 c 514 s 114;

(135) RCW 82.04.4274 (Deductions—Nonprofit management companies—Personnel performing on-site functions) and 2011 1st sp.s. c 26 s 1;

(136) RCW 82.04.4275 (Deductions—Child welfare services) and 2011 c 163 s 1;

(137) RCW 82.04.4277 (Deductions—Health and social welfare organizations—Mental health services. (*Effective until April 1, 2016.*)) and 2011 1st sp.s. c 19 s 1;

(138) RCW 82.04.4277 (Deductions—Health and social welfare organizations—Mental health services. (*Effective April 1, 2016, until August 1, 2016.*)) and 2014 c 225 s 104 & 2011 1st sp.s. c 19 s 1;

(139) RCW 82.04.4281 (Deductions—Investments, dividends, interest on loans) and 2007 c 54 s 9, 2002 c 150 s 2, & 1980 c 37 s 2;

(140) RCW 82.04.4282 (Deductions—Fees, dues, charges) and 2009 c 535 s 410, 1994 c 124 s 3, 1989 c 392 s 1, & 1980 c 37 s 3;

(141) RCW 82.04.4283 (Deductions—Cash discount taken by purchaser) and 1980 c 37 s 4;

(142) RCW 82.04.4284 (Deductions—Bad debts) and 2004 c 153 s 307 & 1980 c 37 s 5;

(143) RCW 82.04.4285 (Deductions—Motor vehicle fuel and special fuel taxes. (*Effective until July 1, 2015.*)) and 1998 c 176 s 3 & 1980 c 37 s 6;

(144) RCW 82.04.4285 (Deductions—Motor vehicle fuel and special fuel taxes. (*Effective July 1, 2015.*)) and 2013 c 225 s 639, 1998 c 176 s 3, & 1980 c 37 s 6;

(145) RCW 82.04.4286 (Deductions—Nontaxable business) and 1980 c 37 s 7;

(146) RCW 82.04.4287 (Deductions—Compensation for receiving, washing, etc., horticultural products for person exempt under RCW 82.04.330—Materials and supplies used) and 1980 c 37 s 8;

(147) RCW 82.04.4289 (Exemption—Compensation for patient services or attendant sales of drugs dispensed pursuant to prescription by certain nonprofit organizations) and 2003 c 168 s 402, 1998 c 325 s 1, 1993 c 492 s 305, 1981 c 178 s 2, & 1980 c 37 s 10;

(148) RCW 82.04.4291 (Deductions—Compensation received by a political subdivision from another political subdivision for services taxable under RCW 82.04.290) and 1980 c 37 s 11;

(149) RCW 82.04.4292 (Deductions—Interest on investments or loans secured by mortgages or deeds of trust) and 2012 2nd sp.s. c 6 s 102, 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12;

(150) RCW 82.04.4293 (Deductions—Interest on obligations of the state, its political subdivisions, and municipal corporations) and 1980 c 37 s 13;

(151) RCW 82.04.4294 (Deductions—Interest on loans to farmers and ranchers, producers or harvesters of aquatic products, or their cooperatives) and 1980 c 37 s 14;

(152) RCW 82.04.4295 (Deductions—Manufacturing activities completed outside the United States) and 1980 c 37 s 15;

(153) RCW 82.04.4296 (Deductions—Reimbursement for accommodation expenditures by funeral homes) and 1980 c 37 s 16;

(154) RCW 82.04.4297 (Deductions—Compensation from public entities for health or social welfare services—Exception) and 2011 1st sp.s. c 19 s 2, 2002 c 314 s 3, 2001 2nd sp.s. c 23 s 2, 1988 c 67 s 1, & 1980 c 37 s 17;

(155) RCW 82.04.4298 (Deductions—Repair, maintenance, replacement, etc., of residential structures and commonly held property—Eligible organizations) and 1980 c 37 s 18;

(156) RCW 82.04.431 ("Health or social welfare organization" defined—Conditions for exemption—"Health or social welfare services" defined) and

2011 1st sp.s. c 19 s 3, 2008 c 137 s 1, 1986 c 261 s 6, 1985 c 431 s 3, 1983 1st ex.s. c 66 s 1, 1980 c 37 s 80, & 1979 ex.s. c 196 s 6;

(157) RCW 82.04.4311 (Deductions—Compensation received under the federal medicare program by certain hospitals or health centers) and 2005 c 86 s 1 & 2002 c 314 s 2;

(158) RCW 82.04.432 (Deductions—Municipal sewer service fees or charges) and 1967 ex.s. c 149 s 17;

(159) RCW 82.04.4322 (Deductions—Artistic or cultural organization—Compensation from United States, state, etc., for artistic or cultural exhibitions, performances, or programs) and 1981 c 140 s 1;

(160) RCW 82.04.4324 (Deductions—Artistic or cultural organization—Deduction for tax under RCW 82.04.240—Value of articles for use in displaying art objects or presenting artistic or cultural exhibitions, performances, or programs) and 1981 c 140 s 2;

(161) RCW 82.04.4326 (Deductions—Artistic or cultural organizations—Tuition charges for attending artistic or cultural education programs) and 1981 c 140 s 3;

(162) RCW 82.04.4327 (Deductions—Artistic and cultural organizations—Income from business activities) and 1985 c 471 s 6;

(163) RCW 82.04.4328 ("Artistic or cultural organization" defined) and 1985 c 471 s 7 & 1981 c 140 s 6;

(164) RCW 82.04.433 (Deductions—Sales of fuel for consumption outside United States' waters by vessels in foreign commerce) and 2009 c 494 s 2 & 1985 c 471 s 16;

(165) RCW 82.04.4331 (Deductions—Insurance claims for state health care coverage) and 1988 c 107 s 33;

(166) RCW 82.04.4332 (Deductions—Tuition fees of foreign degree-granting institutions) and 1993 c 181 s 10;

(167) RCW 82.04.4333 (Credit—Job training services—Approval) and 1996 c 1 s 4;

(168) RCW 82.04.4334 (Deductions—Sale or distribution of biodiesel or E85 motor fuels. *(Expires July 1, 2015.)*) and 2007 c 309 s 3 & 2003 c 63 s 1;

(169) RCW 82.04.4337 (Deductions—Certain amounts received by assisted living facilities) and 2012 c 10 s 72 & 2004 c 174 s 7;

(170) RCW 82.04.4338 (Deductions—Amounts received from sale, lease, or rental of electrification systems. *(Expires July 1, 2015.)*) and 2006 c 323 s 2;

(171) RCW 82.04.4339 (Deductions—Grants to support salmon restoration) and 2004 c 241 s 1;

(172) RCW 82.04.43391 (Deductions—Commercial aircraft loan interest and fees) and 2010 1st sp.s. c 23 s 112;

(173) RCW 82.04.43392 (Deductions—Qualified dispute resolution centers) and 2012 c 249 s 1;

(174) RCW 82.04.43393 (Deductions—Paymaster services) and 2013 2nd sp.s. c 13 s 102;

(175) RCW 82.04.43394 (Deductions—Cooperative finance organizations. (*Expires July 1, 2017.*)) and 2013 2nd sp.s. c 13 s 602;

(176) RCW 82.04.434 (Credit—Public safety standards and testing) and 1991 c 13 s 1;

(177) RCW 82.04.440 (Credit—Persons taxable on multiple activities) and 2011 c 2 s 205 (Initiative Measure No. 1107, approved November 2, 2010) & 2010 1st sp.s. c 23 s 513;

(178) RCW 82.04.4451 (Credit against tax due—Maximum credit—Table) and 2010 1st sp.s. c 23 s 1102, 1997 c 238 s 2, & 1994 sp.s. c 2 s 1;

(179) RCW 82.04.4452 (Credit—Research and development spending. (*Expires January 1, 2015.*)) and 2010 c 114 s 114, 2005 c 514 s 1003, 2004 c 2 s 2, 2000 c 103 s 7, 1997 c 7 s 4, & 1994 sp.s. c 5 s 2;

(180) RCW 82.04.44525 (Credit—New employment for international service activities in eligible areas—Designation of census tracts for eligibility—Records—Tax due upon ineligibility—Interest assessment—Information from employment security department) and 2009 c 535 s 1104, 2008 c 81 s 9, & 1998 c 313 s 2;

(181) RCW 82.04.4461 (Credit—Preproduction development expenditures. (*Expires July 1, 2040.*)) and 2013 3rd sp.s. c 2 s 9, 2010 c 114 s 115, 2008 c 81 s 7, 2007 c 54 s 11, & 2003 2nd sp.s. c 1 s 7;

(182) RCW 82.04.4463 (Credit—Property and leasehold taxes paid on property used for manufacture of commercial airplanes. (*Expires July 1, 2040.*)) and 2013 3rd sp.s. c 2 s 10, 2010 1st sp.s. c 23 s 515, (2010 1st sp.s. c 23 s 514 expired June 10, 2010), 2010 c 114 s 116, 2008 c 81 s 8, 2006 c 177 s 10, 2005 c 514 s 501, & 2003 2nd sp.s. c 1 s 15;

(183) RCW 82.04.447 (Credit—Natural or manufactured gas purchased by direct service industrial customers—Reports) and 2001 c 214 s 9;

(184) RCW 82.04.448 (Credit—Manufacturing semiconductor materials. (*Contingent effective date; contingent expiration date.*)) and 2010 c 114 s 117 & 2003 c 149 s 9;

(185) RCW 82.04.4481 (Credit—Property taxes paid by aluminum smelter) and 2011 c 174 s 302;

(186) RCW 82.04.4482 (Credit—Sales of electricity or gas to an aluminum smelter) and 2004 c 24 s 9;

(187) RCW 82.04.4483 (Credit—Programming or manufacturing software in rural counties) and 2010 c 114 s 119 & 2004 c 25 s 1;

(188) RCW 82.04.4485 (Credit—Mechanical lifting devices purchased by hospitals) and 2006 c 165 s 5;

(189) RCW 82.04.4486 (Credit—Syrup taxes paid by buyer) and 2006 c 245 s 1;

(190) RCW 82.04.4489 (Credit—Motion picture competitiveness program) and 2012 c 189 s 4, 2008 c 85 s 3, & 2006 c 247 s 5;

(191) RCW 82.04.449 (Credit—Washington customized employment training program) and 2012 c 46 s 3, 2010 c 114 s 121, 2009 c 296 s 3, & 2006 c 112 s 5;

(192) RCW 82.04.4494 (Credit—Forest derived biomass. (*Expires June 30, 2015.*)) and 2009 c 469 s 401;

(193) RCW 82.04.450 (Value of products, how determined) and 1983 1st ex.s. c 55 s 3, 1975 1st ex.s. c 278 s 42, & 1961 c 15 s 82.04.450;

(194) RCW 82.04.460 (Apportionable income—Taxable in Washington and another state) and 2014 c 97 s 304, 2011 c 174 s 203, 2010 1st sp.s. c 23 s 108, 2004 c 174 s 6, 1985 c 7 s 154, 1983 2nd ex.s. c 3 s 28, 1975 1st ex.s. c 291 s 9, & 1961 c 15 s 82.04.460;

(195) RCW 82.04.462 (Apportionable income) and 2014 c 97 s 305 & 2010 1st sp.s. c 23 s 105;

(196) RCW 82.04.470 (Wholesale sale—Reseller permit—Exemption certificates—Burden of proof—Tax liability) and 2010 c 112 s 7;

(197) RCW 82.04.480 (Sales in own name—Sales as agent) and 2009 c 535 s 412, 1975 1st ex.s. c 278 s 44, & 1961 c 15 s 82.04.480;

(198) RCW 82.04.500 (Tax part of operating overhead) and 1961 c 15 s 82.04.500;

(199) RCW 82.04.510 (General administrative provisions invoked) and 1961 c 15 s 82.04.510;

(200) RCW 82.04.520 (Administrative provisions for motor vehicle sales by courtesy dealers) and 2001 c 258 s 2;

(201) RCW 82.04.530 (Telecommunications service providers—Calculation of gross proceeds) and 2007 c 54 s 13, 2007 c 6 s 1022, 2004 c 153 s 410, & 2002 c 67 s 3;

(202) RCW 82.04.535 (Gross proceeds of sales calculation for mobile telecommunications service provider) and 2002 c 67 s 4;

(203) RCW 82.04.540 (Professional employer organizations—Taxable under RCW 82.04.290(2)—Deduction) and 2006 c 301 s 1;

(204) RCW 82.04.600 (Exemptions—Materials printed in county, city, town, school district, educational service district, library or library district) and 1979 ex.s. c 266 s 8;

(205) RCW 82.04.601 (Exemptions—Affixing stamp services for cigarette sales) and 2007 c 221 s 5;

(206) RCW 82.04.610 (Exemptions—Import or export commerce) and 2007 c 477 s 2;

(207) RCW 82.04.615 (Exemptions—Certain limited purpose public corporations, commissions, and authorities) and 2007 c 381 s 1;

(208) RCW 82.04.620 (Exemptions—Certain prescription drugs) and 2007 c 447 s 1;

(209) RCW 82.04.625 (Exemptions—Custom farming services. (*Expires December 31, 2020.*)) and 2014 c 140 s 10 & 2007 c 334 s 1;

(210) RCW 82.04.627 (Exemptions—Commercial airplane parts) and 2008 c 81 s 15;

(211) RCW 82.04.629 (Exemptions—Honey bee products. (*Expires July 1, 2017.*)) and 2013 2nd sp.s. c 13 s 306 & 2008 c 314 s 2;

(212) RCW 82.04.630 (Exemptions—Bee pollination services. (*Expires July 1, 2017.*)) and 2013 2nd sp.s. c 13 s 307 & 2008 c 314 s 3;

(213) RCW 82.04.635 (Exemptions—Nonprofits providing legal services to low-income persons) and 2009 c 508 s 1;

(214) RCW 82.04.640 (Exemptions—Washington vaccine association—Certain assessments received) and 2010 c 174 s 16;

(215) RCW 82.04.645 (Exemptions—Financial institutions—Amounts received from certain affiliated persons) and 2011 c 174 s 102 & 2010 1st sp.s. c 23 s 110;

(216) RCW 82.04.650 (Exemptions—Investment conduits and securitization entities) and 2010 1st sp.s. c 23 s 111;

(217) RCW 82.04.655 (Exemptions—Joint municipal utility services authorities) and 2011 c 258 s 11;

(218) RCW 82.04.750 (Exemptions—Restaurant employee meals) and 2011 c 55 s 1;

(219) RCW 82.04.760 (Tax preferences—Expiration dates) and 2013 2nd sp.s. c 13 s 1704; and

(220) RCW 82.04.900 (Construction—1961 c 15) and 1961 c 15 s 82.04.900.

...UNLESS THE LEGISLATURE REFERS TO THE BALLOT FOR A VOTE A CONSTITUTIONAL AMENDMENT REQUIRING TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL TO RAISE TAXES AND MAJORITY LEGISLATIVE APPROVAL FOR FEE INCREASES

NEW SECTION. **Sec. 3.** (1) Section 2 of this act takes effect April 15, 2016, unless the contingency in subsection (2) of this section occurs.

(2) If the legislature, prior to April 15, 2016, refers to the ballot for a vote a constitutional amendment requiring two-thirds legislative approval or voter approval to raise taxes as defined by voter-approved Initiatives 960, 1053, and 1185 and section 6 of this act and majority legislative approval for fee increases as required by voter-approved Initiatives 960, 1053, and 1185 and codified in RCW 43.135.055 and further defined by subsection (a) of this section, section 2 of this act expires on April 14, 2016.

(a) "Majority legislative approval for fee increases" means only the legislature may set a fee increase's amount and must list it in a bill so it can be subject to the ten-year cost projection and other accountability procedures required by RCW 43.135.031.

STATUTORY REFERENCE UPDATES

Sec. 4. RCW 43.135.031 (Bills raising taxes or fees – Cost analysis – Press release – Notice of hearings – Updated analyses) and 2013 c 1 s 5 are each amended to read as follows:

(1) For any bill introduced in either the house of representatives or the senate that raises taxes as defined by (~~RCW 43.135.034~~) section 6 of this act or increases fees, the office of financial management must expeditiously determine its cost to the taxpayers in its first ten years of imposition, must promptly and without delay report the results of its analysis by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the

legislators, and their contact information, who are sponsors and cosponsors of the bill so they can provide information to, and answer questions from, the public.

(2) Any time any legislative committee schedules a public hearing on a bill that raises taxes as defined by (~~RCW 43.135.034~~) section 6 of this act or increases fees, the office of financial management must promptly and without delay report the results of its most up-to-date analysis of the bill required by subsection (1) of this section and the date, time, and location of the hearing by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. The press release required by this subsection must include all the information required by subsection (1) of this section and the names of the legislators, and their contact information, who are members of the legislative committee conducting the hearing so they can provide information to, and answer questions from, the public.

(3) Each time a bill that raises taxes as defined by (~~RCW 43.135.034~~) section 6 of this act or increases fees is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the office of financial management must expeditiously reexamine and redetermine its ten-year cost projection due to amendment or other changes during the legislative process, must promptly and without delay report the results of its most up-to-date analysis by public press release via e-mail to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, and how they voted on the bill so they can provide information to, and answer questions from, the public.

(4) For the purposes of this section, "names of legislators, and their contact information" includes each legislator's position (senator or representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office e-mail address.

(5) For the purposes of this section, "news media" means any member of

the press or media organization, including newspapers, radio, and television, that signs up with the office of financial management to receive the public press releases by e-mail.

(6) For the purposes of this section, "the public" means any person, group, or organization that signs up with the office of financial management to receive the public press releases by e-mail.

Sec. 5. RCW 43.135.041 (Tax legislation – Advisory vote – Duties of the attorney general and secretary of state – Exemption) and 2013 c 1 s 6 are each amended to read as follows:

(1) (a) After July 1, 2011, if legislative action raising taxes as defined by (~~RCW 43.135.034~~) section 6 of this act is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this chapter.

(b) If legislative action raising taxes enacted after July 1, 2011, involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this chapter.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this chapter. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If legislative action raising taxes is referred to the people by the legislature or is included in an initiative to the people found to be

sufficient under RCW 29A.72.250, then the tax increase is exempt from an advisory vote of the people under this chapter.

NEW SECTION. **Sec. 6.** A new section is added to chapter 43.135 RCW and reads as follows:

For the purposes of this chapter, "raises taxes" means any action or combination of actions by the state legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 7.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 8.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

TITLE OF THE ACT

NEW SECTION. **Sec. 9.** This act is known and may be cited as the "Taxpayer Protection Act."

-- END --